

Fiscal Note

Fiscal Services Division



HF 294 – Home School Textbook Tax Credit (LSB 1955YH)

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Fiscal Note Version – New

Requested by Representative Betty R. De Boef

House File 294 provides a nonrefundable individual income tax credit equal to 25.0% of the cost of textbooks and instructional materials for home-schooled students.

The Bill is retroactive to January 1, 2011.

Assumptions

- The number of home school children in Iowa is currently 11,800.
- The average cost of textbooks and instructional materials per student is \$250.
- Using Department of Education statistics on the household size of home-schooled students, the 11,800 students are distributed as follows by household:
 - One student = 1,463
 - Two students = 3,221
 - Three or more students = 7,116
- The credit is not refundable. The share of Iowa households that face sufficient Iowa tax liability to partially or fully utilize the assumed credit was estimated by the Department of Revenue using their Iowa income tax model. Utilization of credits earned is estimated to equal 82.0%.
- Nonrefundable tax credits impact the Local Option Surtax for Schools by an amount equal to 3.0% of the State tax credit impact.
- Tax year impacts will impact net General Fund revenue in the next fiscal year (tax year 2011 credits will impact FY 2012).

Fiscal Impact

The new tax credit for textbook and instructional materials for home-schooled students is estimated to reduce net General Fund revenue by \$664,000 beginning in FY 2012. The impact in future fiscal years will grow by the rate of inflation in the cost of textbooks and instructional materials.

The nonrefundable income tax credit will reduce Local Option Income Surtax for Schools revenue by approximately \$19,000 per year.

Sources

Department of Revenue
Iowa Department of Education
U.S. Department of Education
United States Census Bureau
Department of Revenue Income tax Model

/s/ Holly M. Lyons

April 20, 2011

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to Code [Section 2.56](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
